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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C.

FCC 93-400

In the Matter of
Local Exchange Carrier Line
Information Database

CC Docket No. 92-24

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ORDER

Adopted: August 16, 1993; Released: August 23, 1993

By the Commission:

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I. INTRODUCTION AND BACKGROUND

1. This Order resolves the issues designated for investigation by the Common Carrier Bureau (Bureau) arising from several local exchange carriers' (LECs') offerings of line information database (LIDB) service.¹ The affected carriers, Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific, SNET, Southwestern, United, and US West, filed tariffs to establish charges for transmission services connecting customers to the carriers' common channel signalling networks (CCS) and for access to the data in their LIDBs.² In the LEC LIDB Order³ and the SNET LIDB Order,⁴ the Bureau suspended the transmittals for one day, imposed accounting orders, and initiated investigations of the tariff transmittals referenced above.

2. A LIDB is a database created by an individual LEC. LIDB service enables customers such as interexchange carriers (IXCs) to query the database to determine whether a LEC joint use calling card is valid for use, or whether a particular telephone number can accept collect or third-party billed calls, before transmitting any call using that card or line number. Each database can be accessed by other LECs, IXCs and other customers to obtain data on the account status of LEC joint use calling cards, as well as information on line numbers, such as third party billing or collect call restrictions. This information is stored in the LIDB and updated by the LEC on a regular basis.

3. Carriers recover the costs of LIDB service through four separate charges. The first charge recovers the costs of the service control point (SCP) which is the database itself. The second charge recovers the cost of the SCP port, the transmission lines between the SCP and the signal transfer point (STP),⁵ and the port in the STP in which the transmission line terminates. Two other charges recover the cost of the transport facilities from the IXC's point of presence in its network to the LEC's STP. The first of these is a per port charge for the port on the signalling network side of the STP. This port is the place where the transport facility between the IXC's signalling point of interface (SPOI)⁶ and the LEC's signalling network terminates. The second subelement

¹ Local Exchange Carrier Line Information Database, CC Docket No. 92-24, 7 FCC Rcd 2169 (Com.Car.Bur. 1992) (Designation Order).

² The list of filing carriers and participating parties, together with the acronyms and abbreviations we use to refer to them in this Order, appears as Appendix A.

³ Local Exchange Carrier Line Information Database, 7 FCC Rcd 525 (Com.Car.Bur. 1991) (LEC LIDB Order), review denied, 8 FCC Rcd 2957 (1993).

⁴ Southern New England Telephone Company, CC Docket No. 92-24, 7 FCC Rcd 1474 (Com.Car.Bur. 1992) (SNET LIDB Order).

⁵ STPs are packet switches that provide CCS message routing and transport.

⁶ The SPOI is the point at which the LEC's and IXC's CCS networks meet.

is a charge per line which recovers the costs of the transport facility itself.⁷ A diagram of the LIDB rate structure is contained in Appendix B.⁸

4. In the Designation Order, the Bureau sought comment on the following issues: (1) have the LECs adequately described the LIDB query service in the tariffs; (2) should the tariffs contain additional detail regarding the technical parameters for transport from the IXC network to the LEC network; and (3) are the rate levels established in the tariffs excessive.⁹ In this Order we find that the rate levels in the tariffs of eight of the LECs are excessive, that the LECs have not adequately described the LIDB query service, and that the tariffs require additional detail regarding the technical parameters for the transport link.¹⁰

II. DISCUSSION

A. Are the rate levels established in the tariffs excessive?

5. In the Designation Order, the Bureau asked the LIDB providers to supply cost information to assist in evaluating whether the rate levels established in the tariffs are excessive.¹¹ Subsequently, the Bureau served a data request on the LEC LIDB providers, seeking additional detail not contained in the LEC direct cases. The LEC LIDB providers have also submitted ex parte filings, many of which propose rate reductions.¹²

a. Pleadings

6. Companies have set their rates by first determining the direct per unit investment required. They then develop direct unit costs by applying loading factors to this investment and by identifying additional costs (such as software right to use fees) specific

⁷ See Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, Report and Order, CC Docket No. 91-115, 7 FCC Rcd 3528 (1992) (LEC Calling Card Order), recon. pending. See also, Southwestern Bell Telephone Company, Petitions for Waiver of Part 69 of the Commission's Rules, DA 91-1258, 6 FCC Rcd 6095 (Com.Car.Bur. 1991) (Southwestern Bell LIDB Order), recon. dismissed, 7 FCC Rcd 5566 (Com.Car.Bur. 1992), review denied, 7 FCC Rcd 6539 (1992).

⁸ This diagram is not intended to reflect the actual physical network design, but is provided to assist in understanding the rate structure.

⁹ Designation Order, 7 FCC Rcd at 2169.

¹⁰ We address the designated issues out of sequence here.

¹¹ Designation Order, 7 FCC Rcd at 2169.

¹² See Appendix D. Each of the LIDB providers filed multiple ex partes in this proceeding. The ex partes listed in Appendix D are those which either provide justification for existing rate levels, or propose rate reductions.

to LIDB. All of the companies maintained in their direct cases that the rates, which range from \$0.03 to \$0.045, established in this manner are reasonable.¹³ Nevertheless, several of the companies have identified in ex parte filings reductions in their levels of direct costs and overheads assigned to LIDB rate elements.¹⁴

7. Several companies have stated in their direct cases that they used the Common Channel Signalling Cost Information System (CCSCIS), a proprietary cost model developed by Bellcore, to develop their unit investments for the LIDB rate elements.¹⁵ In support of the use of this model, companies noted that the equipment used to provide LIDB service would be used for several services, and that therefore some allocation of this equipment was required. Because CCSCIS is an engineering-based model, the companies argued, it is ideal for this purpose.¹⁶

8. Allnet, CompTel, ITI, MCI and Sprint contend that the rates of all of the LIDB providers are excessive.¹⁷ Allnet, MCI and Sprint are particularly concerned about the reliance placed by the companies on the CCSCIS cost model for the development of their rates. These commenters complain that none of the LIDB providers using this computer cost model give a meaningful, detailed explanation as to how CCSCIS works.¹⁸

b. Discussion

9. The LIDB service investigated in this proceeding is a new service for price cap purposes, i.e., LIDB is an optional service that adds to a customer's range of choices. Under the Commission's new services test, companies must identify the direct cost of providing the new service and then must add an appropriate level of overheads to derive the overall price of the new service. In adopting this standard, the Commission stated that price cap LECs should have some flexibility in establishing overheads for new

¹³ Ameritech Direct Case at 9; Bell Atlantic Direct Case Supplement at 2; BellSouth Direct Case at 1; GTE Direct Case at 20; NYNEX Direct Case at 14; Pacific Direct Case at 1, 5; SNET Direct Case at 7; Southwestern Direct Case at 16; United Direct Case at 5; US West Direct Case at 12.

¹⁴ See Appendix C.

¹⁵ Ameritech, Bell Atlantic, NYNEX, Pacific Bell, SNET, Southwestern and United used CCSCIS. US West used its own SS7 Cost Model, which is actually similar in concept to CCSCIS. BellSouth and GTE did not use CCSCIS.

¹⁶ See, e.g., Ameritech Direct Case at 12; NYNEX Direct Case at 16; Pacific Direct Case at Att. A, p. 1.

¹⁷ Allnet Comments at 3-5; CompTel Comments at 1-2; ITI Comments at 1; MCI Comments at 19; Sprint Comments, passim. For a more detailed discussion of the comments of CompTel and ITI, see ¶¶ 35-38, infra.

¹⁸ Allnet Comments at 3-5; MCI Comments at 19; Sprint Comments, passim.

services, in order to establish strong incentives to provide new services.¹⁹

10. Our analysis of the reasonableness of the companies' LIDB rates was a three step process. First, we examined the companies' direct investment to determine if the investment assigned to each of the four rate elements for LIDB service by the companies was reasonable. Second, we examined the amount of direct cost²⁰ assigned to each rate element to determine if the direct costs fell within a reasonable range, as compared to the level of the direct investment. Third, we evaluated whether the claimed overhead expenses were reasonable, as compared to the level of the direct costs.

11. The LECs had two opportunities -- the tariff review process and this investigation -- to demonstrate the reasonableness of LIDB rates. The LEC decision to base investment, and hence rates, on proprietary data not filed with the Commission limits our ability to assess the reasonableness of the LIDB rates.²¹ In general, we agree with those commenters who argue that, absent access to the model employed to determine the direct unit investment used to set the rates for a service, we cannot accurately assess the reasonableness of the rates for that service.²² However, for both those LECs which relied on proprietary data and those which did not, the reasonableness of the amount of the direct investment used to provide the LIDB service can be evaluated by comparing the proportion of investment assigned with LIDB's proportion of demand for all services which use the equipment.²³

¹⁹ See Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture; Policy and Rules Concerning Rates for Dominant Carriers, CC Docket Nos. 89-79 and 87-313, 7 FCC Rcd 5235 (1992), recon. pending. See also Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture; Policy and Rules Concerning Rates for Dominant Carriers, CC Docket Nos. 89-79 and 87-313, 6 FCC Rcd 4524, 4531 (1991) (Part 69/ONA Order).

²⁰ Direct investment is the one-time cost of the equipment used to provide the service. Direct costs are the on-going costs of providing the service; at a minimum, these include depreciation, return on investment, and taxes.

²¹ Both the CCSCIS model used by several of the companies in these filings and the Switching Cost Information System (SCIS) model used in the ONA filings are engineering based models which determine unit investment for a service.

²² Compare Commission Requirements for Cost Support Materials to be Filed With Open Network Architecture Access Tariff, 7 FCC Rcd 1526 (Com.Car.Bur. 1992) (SCIS Disclosure Order) (in which the Bureau required SCIS models to be filed and redacted versions to be made available to the parties).

²³ In the Open Network Architecture (ONA) context, developing rates for several hundred service functions on a consistent basis requires the carrier to allocate investment within the switch by a method that (i) reasonably reflects each service's use of internal switch components, and (ii) in the aggregate, allocates the entire switch investment as the functions provided evolve and demand for these functions changes. The complexity

12. As a result of our analysis we find that: (1) the amount of investment allocated to LIDB is consistent with the relative use of that investment to provide LIDB service; (2) in their responses to the data request, most of the companies justified the amount of direct costs claimed in their tariff filings; and (3) in many cases, the amount of overhead loadings has not been justified.²⁴ Taken together, these specific conclusions support our finding that eight of the carriers failed to meet their burden of proof under the new services test and have failed to justify the rates originally filed. We conclude that the filed LIDB query rates for Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific, United and US West, are excessive and therefore unjust and unreasonable.

13. Since the direct cases were filed, however, the LECs have provided additional information to us that would justify lower rates than originally proposed. We find the rates most companies proposed in their ex partes do reflect reasonable direct costs and overhead loadings, so that the carriers have met their burden of justifying these rates at their reduced levels. Specifically, the carriers have either reduced their overhead loadings or direct costs, or have supplied a justification for their originally filed rates.²⁵ We find the reduced rates listed in the ex parte filings of Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific, United and US West to be just and reasonable. The eight companies are permitted to revise their rates as proposed in their ex partes,²⁶ and listed

inherent in this process of first dissecting the engineering functions of individual switch components, and then allocating the associated investment to individual service functions, practically requires a computerized model that replicates the internal architecture of the switch as a series of mathematical expressions or algorithms. Because the accurate development of such a computer model in turn requires that the modeler have access to the detailed design and performance characteristics of individual switch components, any reasonably consistent approach to rate development for ONA elements inherently entails the use of proprietary switch vendor data. See SCIS Disclosure Order, 7 FCC Rcd at 1534-1538.

In contrast, in the LIDB context, the multiple services to which common investment must be allocated are provided at a more aggregated level of engineering function, which does not raise such constraints. In developing LIDB rates there is no necessity to allocate investment associated with internal switch components, and hence no necessity to resort to computer models that are dependent on proprietary vendor data. Thus, for example, we are able to examine the reasonableness of the investments assigned to LIDB based on the service's relative usage of functions provided by complete, "off-the-shelf" equipment units, rather than being constrained to rely on a SCIS-like or other engineering model to disaggregate investment associated with the equipment's internal components.

²⁴ Our evaluation of these costs, including specification of deficiencies in the direct cases, is explained in Appendix C.

²⁵ SNET and Southwestern, in their ex parte filings, have adequately justified their filed rates, and we find those rates just and reasonable.

²⁶ See ex partes listed in Appendix D.

in Appendix C, and are required to issue refunds with simple interest.²⁷ The newly-filed rates would be the going-in rates for the service, i.e., the rates used to calculate the price cap indexes as of July 1, 1993. Therefore, these eight carriers would recalculate the price cap indexes using the newly-filed rates. We also direct the LECs to file with the Commission, within 30 days of the release of this Order, a report describing in detail their plans for effectuating these refunds.²⁸ Once these rates are rolled into the indexes, the normal price cap rules governing rate revisions apply to these rates. Price cap limits and service band limits should assure the reasonableness of rates and eliminate the need for further limitations on rates.

B. Description of Service

14. In the Designation Order, the Bureau asked whether the LECs adequately described the LIDB query service in the tariffs. Despite the varying level of detail in the LIDB tariffs, the LECs generally responded that they had adequately described the LIDB service in their tariffs.²⁹ However, some LECs offered to amend their tariffs to address some of the specific concerns raised by the commenters³⁰ and others provided additional details about LIDB service in their pleadings.³¹

1. Frequency, Nature and Priority of Database Updates

a. Pleadings

15. The Bureau asked whether LECs should provide additional information describing the updating process for the LIDB. Carriers do not agree upon the level of detail that should be contained in the tariffs concerning updating of customer information, as well as other parameters of the LIDB service. Ameritech and others argue that tariffs

²⁷ The affected carriers have voluntarily agreed to reduce their rates. Furthermore, this is the first time that rates have been investigated under the new services test. Therefore, we believe that simple interest is appropriate in this case.

²⁸ We require the companies to submit their plans for issuing refunds, and delegate to the Common Carrier Bureau authority to review and approve those plans. Because the LECs would have had flexibility under the price cap rules to change their LIDB rates once those rates were rolled into the indexes on July 1, 1993, the LECs should include in their plans a detailed explanation of their computation of the refund amount which accrued after that date.

²⁹ Ameritech Direct Case at 4, Reply at 3; Bell Atlantic Direct Case at 1, Reply at 1; BellSouth Direct Case at 1, 3, Reply at 2-3; GTE Direct Case at 3-4, Reply at 2; NYNEX Direct Case at 3, Reply at 2; Pacific Direct Case at 2, Reply at 7-8; SNET Direct Case at 3, Reply at 2; Southwestern Direct Case at 1, Reply at 2; United Direct Case at 2-3, Reply at 1; US West Direct Case at 3, Reply at 7.

³⁰ See Ameritech Direct Case at 8; NYNEX Direct Case at 9, Reply at 6.

³¹ See, e.g., Bell Atlantic Direct Case at 1-2.

do not and should not spell out every technical detail and nuance of the service.³² Rather, insists Ameritech, the technical details of the service should be left to separate technical publications.³³ In contrast, Bell Atlantic describes its updating procedure in its Direct Case, and GTE spells out its practices in its tariff.³⁴ NYNEX, while contending that no further detail is needed, has agreed to amend its tariff to include a provision stating that (1) routine updates of its LIDB will be conducted daily during normal business hours; and (2) its LIDB will be updated twenty-four hours per day, seven days per week to reflect restrictions on NYNEX calling card use arising from suspected fraudulent activity.³⁵

16. MCI and Allnet argue that the LECs' LIDB tariffs must include the frequency of database updates, the type of information that is included in the updates, and how quickly the LEC updates data from time of receipt.³⁶ Allnet asserts that if there was competition for LIDB services, minimum service guarantees and technical specifications would be included in the service contract.³⁷ However, Allnet asserts that because LIDB validation is a monopoly service, the Commission should require the LECs to describe the minimum performance that is guaranteed.³⁸ MCI contends that when tariff terms are not explicit, the service provider has free rein to vary them at will depending upon its market objectives. MCI also asserts that in some cases the LECs have actually failed to provide service.³⁹

17. MCI insists that LEC fears about sophisticated telecommunications customers using the tariffs as "how-to-commit-fraud" manuals are groundless. MCI argues that the inclusion of specific fraud control mechanisms in the access tariff would reduce the incentive sophisticated users would have to abuse the LIDB.⁴⁰ MCI requests that the LECs, *inter alia*: (1) establish a threshold number of attempts after which a card or billed number would be automatically invalid; (2) set low and high velocity checks (of card use

³² Ameritech Direct Case at 4; BellSouth Direct Case at 1; NYNEX Direct Case at 9; Pacific Direct Case at 2; United Direct Case at 2.

³³ Ameritech Direct Case at 4.

³⁴ Bell Atlantic Direct Case at 1-2; GTE Direct Case at 3-4. US West and Ameritech object to providing further detail in their tariffs, although they do explain the updating and fraud prevention and detection techniques at length in their pleadings. *See* US West Direct Case at 6-8; Reply at 8; Ameritech Reply at 3-6.

³⁵ NYNEX Direct Case at 9-10.

³⁶ MCI Comments at 5; Allnet Comments at 2.

³⁷ Allnet Comments at 2.

³⁸ *Id.*

³⁹ MCI Comments at 5.

⁴⁰ *Id.* at 13.

or billed numbers) that would send warnings to either investigate or invalidate the card or billed number; and (3) utilize different threshold levels for different classes of customers in their tariffs, since different classes of customers require carrier intervention to prevent fraud at varying threshold levels of usage.⁴¹

18. In their replies, Ameritech and others argue that much of the information which MCI demands is either part of their procedures or already in their tariffs.⁴² Others adhere to the position that the tariffs, as filed, adequately describe the LIDB service.⁴³ Most of the LIDB providers also dispute MCI's allegation that fraud protection under the LIDB system has been inadequate due to inaccurate information in the database.⁴⁴

b. Discussion

19. Section 61.54(j) of the Commission's Rules, 47 C.F.R. Section 61.54(j), requires that the general rules, including definitions, regulations, exceptions, and conditions which govern the tariff be stated clearly and definitely. In this respect, we agree with MCI, that a purchaser of LIDB service has a right to expect that the LIDB provider express in clear and unambiguous terms certain general parameters of the service, i.e., frequency of database updates, the type of information that is included in the updates, and how quickly the LEC updates data from time of receipt, the type of information stored in the database, and any other general technical information. Indeed, some LECs have either provided some of this information in their tariffs or have indicated that they will amend their tariffs to include it. For those LECs that have not included this information in their tariffs, we require this additional material to be included pursuant to Section 61.54(j).⁴⁵ Those carriers that need to amend their tariffs are: Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific, SNET, United, and US West.

2. Fraud Control and LEC Liability

a. Pleadings

20. In addition to raising vagueness and ambiguity issues generally, the Designation Order, responding to petitioners' arguments, asked for comment on how vagueness in the tariff related to fraud issues. The Designation Order also asked parties to comment on

⁴¹ Id. MCI also indicates that it would support other LEC actions which would also reduce fraud.

⁴² Ameritech Reply at 2-3; GTE Reply at 2-5; NYNEX Reply at 6-8; SNET Reply at 2; Southwestern Reply at 2-6; US West Reply at 7-8.

⁴³ Bell Atlantic Reply at 1-2; BellSouth Reply at 2-3; Pacific Bell Reply at 7-8; United Reply at 1;

⁴⁴ Ameritech Reply at 2-3; Pacific Bell Reply at 8; United Reply at 5-6; US West Reply at 8.

⁴⁵ See, e.g., Southwestern Bell Tariff F.C.C. No. 73, Page 24-7, Section 24.3.3.

whether LECs would be liable for erroneous information in the database. As discussed above, the LECs generally find their tariffs sufficient, arguing that no additional detail is needed to guard against fraud. Further, without exception, the LECs argue that the general limitation of liability contained in the tariff applicable to other LEC services is sufficient and properly applies to LIDB services.⁴⁶ Typically, the LECs indicate, the language in the liability section of the tariff provides that in the absence of willful misconduct, the carrier's liability to customers is limited to an amount equal to the charge to the customer for the service for the period for which the service was affected.⁴⁷ GTE and NYNEX argue that the reasonableness and enforceability of liability provisions have been recognized by the courts for some time.⁴⁸ Both carriers contend that the United States Supreme Court affirmed the validity of limitation of liability clauses for public utilities in Western Union Tel. Co. v. Esteve Bros. & Co., 256 U.S. 566 (1921).

21. GTE and Pacific argue that it would be inappropriate for carriers to be liable to customers for damages resulting from erroneous information or fraud beyond the LIDB query charge.⁴⁹ Pacific asserts that if it were to compensate customers for such damages, Pacific's rates for LIDB service would have to be increased.⁵⁰ Southwestern and GTE contend that the primary purpose of allowing access to billing information residing in the LIDB is to assist customers in making their decision whether to extend credit to the caller, not to guarantee a revenue stream.⁵¹

22. US West further asserts that it should not be the calling card issuer or provider of LIDB service who bears the risk of loss, but rather the company that retains the toll revenues on calls completed using the card. US West argues that unlike commercial credit cards, LIDB is not a service arrangement wherein the LEC proposes to buy all of MCI's receivables for calling cards and incur all loss for fraud and should not be treated as such.⁵²

⁴⁶ Ameritech Direct Case at 6; Bell Atlantic Direct Case at 3; BellSouth Direct Case at 2-3; GTE Direct Case at 5, 7-8; NYNEX Direct Case at 4-9; Pacific Direct Case at 3-4; SNET Direct Case at 4-5; Southwestern Direct Case at 2; United Direct Case at 3-4; US West Direct Case at 4-7.

⁴⁷ See, e.g., NYNEX Direct Case at 4, citing NYNEX Tariff F.C.C. No. 1, Section 2.1.3(A). See also, Ameritech Direct Case at 6; BellSouth Direct Case at 2-3; GTE Direct Case at 5; Pacific Direct Case at 3; SNET Direct Case at 4, Reply at 6; United Direct Case at 4; US West Direct Case at 7.

⁴⁸ GTE Direct Case at 5-6; NYNEX Direct Case at 6-8.

⁴⁹ GTE Direct Case at 7; Pacific Direct Case at 3.

⁵⁰ Pacific Direct Case at 3. See also US West Direct Case at 6-7.

⁵¹ GTE Direct Case at 8; Southwestern Direct Case at 2.

⁵² US West Direct Case at 6-7.

23. MCI responds that the LECs must implement fraud controls and assume responsibility for incorrectly validated calling cards.⁵³ MCI states that when IXCs query the LIDB, the LECs respond by indicating whether or not a particular calling card or billed number being used by a LEC customer should be honored. This information is essential to the IXC's decision to complete the call.⁵⁴ MCI also points out that the IXCs have no other way to obtain this information. Therefore, concludes MCI, the only way to deter fraud is to establish a reliable means of detecting invalid cards in the LIDB. However, complains MCI, the LEC direct cases do not include adequate fraud control mechanisms.⁵⁵ MCI disputes LEC claims that they already have financial incentive to reduce fraud.⁵⁶ MCI also claims that some LECs are not updating their database on weekends to reflect notification of lost or stolen cards, which MCI insists is one of the prime times for fraudulent use of calling cards.⁵⁷

24. MCI takes issue with US West's attempt to distinguish LEC joint use cards from commercial credit cards for purposes of limitation of liability. MCI argues that in both cases, only the card issuer has knowledge of the end user consumer's card history and alleges that the only difference between the two services is the fact that there are alternative providers of commercial credit cards.⁵⁸ MCI contends that because the LECs have a monopoly over LIDB information needed by the IXCs they are thereby able to provide a product which is inferior to commercial credit cards. MCI also argues that, in contrast to the LEC joint use cards, every other issuer of a telecommunications calling card must assume some liability for fraud. Therefore, says MCI, for the LECs to absolve themselves of all liability for misuse and theft of calling cards is unreasonable.⁵⁹

25. Ameritech and Bell Atlantic respond that MCI is really requesting that the Commission force LEC LIDB services to include billing and collection functions traditionally performed by commercial credit card companies. Pacific asserts that LIDB validation will in almost all cases be considerably cheaper than the acceptance fees charged by commercial credit card companies to merchants.⁶⁰ Ameritech and Bell Atlantic argue that these liability issues are properly left to nonregulated, individually-negotiated

⁵³ MCI Comments at 12.

⁵⁴ Id.

⁵⁵ Id. at 12-13, citing Southwestern Direct Case at 1-2 and United Direct Case at 4.

⁵⁶ Id. at 14-15, citing NYNEX Direct Case at 8; GTE Direct Case at 6; US West Direct Case at 5-6; Pacific Direct Case at 3; United Direct Case at 3; Bell Atlantic Direct Case at 2-3; Ameritech Direct Case at 6-7; SNET Direct Case at 3-4.

⁵⁷ Id. at 5.

⁵⁸ Id. at 16.

⁵⁹ Id.

⁶⁰ Pacific Reply at 9.

billing and collection agreements.⁶¹

26. Ameritech further asserts that there is no need to create an artificial incentive to control fraud, since Ameritech is a very large user of LIDB for intrastate calling card calls and already has a very powerful incentive to control fraud on its calling cards.⁶² LIDB was designed and priced for the sole purpose of providing users access to Ameritech's validation databases.⁶³ GTE, NYNEX and BellSouth question why errors in the provision of LIDB Access should be governed by a different standard of liability than is applied to all other tariffed interstate services and assert that there is no reason to distinguish LIDB from other offerings.⁶⁴

b. Discussion

27. Limitation of liability provisions have long been accepted by the courts in the absence of willful misconduct or gross negligence.⁶⁵ Consequently, clauses limiting a carrier's financial liability to the cost of the service are found in virtually all common carrier tariffs. The LECs claim that their liability for incorrect LIDB validations is properly limited by tariff provisions that provide that in the event of service outages LECs must refund "an amount equal to the proportionate charge for the service for the period during which the service was affected. . . ."⁶⁶ NYNEX and other LECs interpret this to mean that in the event an incorrect validation is provided to a LIDB customer the LEC is required to refund an amount equal to the charge to the customer for processing the validation.⁶⁷ The users of LIDB query services argue, however, that the Commission

⁶¹ Ameritech Reply at 7; Bell Atlantic Reply at 4.

⁶² Ameritech Reply at 6-7. See also, Bell Atlantic Reply at 2; BellSouth Reply at 4-5; GTE Reply at 7; NYNEX Reply at 3-4; Pacific Reply at 8-9; SNET Reply at 5-6; United Reply at 5-6.

⁶³ Ameritech Reply at 7.

⁶⁴ GTE Reply at 7; NYNEX Reply at 4; BellSouth Reply at 4-5. BellSouth also notes that LECs have historically been permitted to exclude these "speculative" consequential damages in the interest of preserving lower rates.

⁶⁵ See, e.g., Western Union Telegraph Company v. Esteve Brothers & Co., 256 U.S. 566, 571 (1921); Primrose v. Western Union Telegraph Co., 154 U.S. 1 (1894); Robert Gibb & Sons, Inc. v. Western Union Telegraph Co., 428 F.Supp. 140 (D.N.D. 1977).

⁶⁶ In its tariff NYNEX, for example, states that: "...the Telephone Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected..." See NYNEX Tariff F.C.C. No. 1, Section 2.1.3(A).

⁶⁷ NYNEX Direct Case at 4-5. Of course, in order to receive refunds for the relevant queries, the customer has to establish that an error was made by the LECs.

should require LECs to assume a greater liability for toll fraud that occurs using LEC joint use cards.

28. Calling card fraud involving LEC joint use cards raises difficult policy questions not easily or appropriately resolved in the context of a tariff investigation. Fraudulent use of the telephone network also raises serious public policy issues, since fraud creates uncollectibles that become part of carrier costs. However, the evaluation of the creditworthiness of an end user and prevention of fraud are at the very heart of why a customer orders LIDB service. This information is necessary in order to adequately inform LIDB customers of the nature of the LIDB service and what protections they can expect when ordering the service. It also appears that the LECs are uniquely in control of the accuracy of the information in the LIDB database. On the other hand, different factual circumstances arising in fraud cases could make it unfair to assign all liability to the LECs for all costs arising from fraudulent calls using LEC joint use calling cards. For example, the LECs allege that some operator service providers (OSPs) decline to query LIDB for all calls and thus subject themselves to an increased risk for toll fraud.

29. In general on toll fraud matters, deciding which party is in the better position to contain unauthorized use, and who should be liable for toll charges from fraudulent calls, often depends on the facts and circumstances surrounding each case. We nevertheless believe that we should address the issue of liability for toll fraud in a more comprehensive way. We therefore anticipate initiating a rulemaking proceeding shortly where we will undertake a global examination of issues related to both customer premises equipment (CPE) and network-based toll fraud as well as tariffed limitations on liability for charges due to toll fraud.

30. We do, however, have serious concerns about the adequacy of existing toll fraud detection and prevention procedures of some LECs. As discussed below, we require the LECs to file tariff revisions outlining their procedures and we anticipate that they will strengthen them to accord with the best industry practices. We will not, however, during the interim period pending completion of the broader rulemaking, prescribe additional exclusions to limitations of liability other than the existing exclusions for acts of willful misconduct or gross negligence, so long as the LECs' tariffs contain adequate provisions regarding response to possible fraudulent card use as described in paragraph 32, *infra*. We reach this conclusion because the record here provides an insufficient basis to prescribe a particular allocation of liability between LECs and LIDB customers, because there are factual problems inherent in toll fraud issues like the ones in this case, and because we anticipate developing a more comprehensive approach to liability sharing issues, with a better record, in the upcoming rulemaking. In the interim, LIDB customers will be protected by the strengthened fraud prevention and detection procedures we expect will be implemented as a result of this decision.

31. IXC's comments on this issue also focus on whether the absence of specific language explaining how a LEC responds to possible fraud permits the LECs too much flexibility in applying or amending their practices. IXCs have expressed grave concern about the inadequacy of several LECs' mechanisms to properly update and monitor LIDB. A number of the LECs in this investigation have tariffed specific language in this regard. Some of the procedures that the LECs claim to have in place include: (1) identifying the

information contained in the database, e.g., working telephone numbers, calling card numbers; (2) updating the LIDB database each business day by adding, deleting and modifying end user customer accounts as such customers move, become delinquent on their accounts, order service or cancel service; and (3) emergency updating capabilities to address lost or stolen cards.⁶⁸

32. Given that the service the LECs are offering is a validation service we think that it is, at a minimum, reasonable and, in addition, a beneficial practice for carriers to use adequate procedures to assure the quality of validation information. We are concerned that several of the LECs have not adopted adequate monitoring and updating practices to prevent the transmission of erroneous LIDB information. LIDB providers need to amend their tariffs to come into compliance with Section 61.54(j) of the Commission's Rules by identifying in their tariffs what fraud control procedures they have in place. We will carefully examine the LIDB providers' revisions to identify those procedures. We will not hesitate to prescribe maintenance and fraud prevention measures if we see that individual carriers' practices are not in line with best industry practices.⁶⁹ Moreover, we may find it necessary to revisit our conclusion that the limitations on liability for LIDB queries are reasonable as an interim matter, if LECs do not ensure that their tariffs satisfy our concerns. We direct the Commission staff reviewing the carriers' tariff revisions to ensure that carriers are taking the steps necessary to promptly update and monitor the LIDBs in accordance with their commitment to provide LIDB service.

33. We note that while each LIDB provider should maintain an accurate, up-to-date database, it is essential that LIDB customers also assist in this process. Reciprocity in the sharing of data is helpful to ensure that database information concerning the status of the line or calling card is the most current. Since fraud can only be battled effectively through cooperation among the users of the network, it is important that LIDB customers do their part.

34. During recent ex parte discussions with the ten LIDB providers involved in this investigation, most stated that they are willing to discuss the question of liability for incorrect validation information with LIDB customers.⁷⁰ During this interim period, while our rulemaking is pending, we encourage the LECs to enter into good faith negotiations with all IXC's that desire some form of fraud protection on LEC joint use calling cards.⁷¹ Of course, we expect LECs to negotiate in good faith with all LIDB

⁶⁸ See, e.g., GTE Tariff F.C.C. No. 1, Page 249.1, Section 8.8(C)(1); Southwestern Bell Tariff F.C.C. No. 73, Page 24-7, Section 24.3.3.

⁶⁹ For instance, several LECs either have tariffed or describe in the record procedures which include LIDB updates 24 hours a day, 7 days a week, to eliminate promptly a positive validation message when unusual card calling patterns are detected or a card is reported lost or stolen.

⁷⁰ See Appendix E for a list of the companies' ex partes reflecting these discussions.

⁷¹ See ¶¶ 35-38, infra.

customers and to make similar arrangements available to all such customers.⁷²

3. Mutual Honoring Agreements

a. Pleadings

35. An issue not specifically identified in the Designation Order was raised by CompTel and ITI. These carriers allege that while the LEC LIDB providers are arguing that they should not be required to assume liability for validation errors and fraudulent use, this is, in fact, the arrangement that most of these same LECs have offered to AT&T through Mutual Card Honoring Agreements.⁷³ Consequently, argue CompTel and ITI, because of the inconsistency between the mutual honoring agreements and the proposed limitations on LEC liability in the LIDB tariffs, the LECs are unlawfully discriminating against LIDB customers in favor of AT&T.⁷⁴

36. In addition, CompTel and ITI assert that the indemnification provisions contained in mutual honoring agreements raise a question about whether LIDB rate levels are reasonable. Specifically, these commenters allege that since the LECs argue that full liability for fraud would cause the rates for LIDB service to rise, the LECs' indemnification of AT&T must similarly increase their validation costs.⁷⁵ CompTel and ITI insist that it would be unreasonable to require competitive IXC's to bear both the entire risk of fraudulent use of their own networks and any part of the costs of fraud on AT&T's network. While ITI does not dispute that, pursuant to Section 211 of the Communications Act, common carriers are permitted to arrange their relationships through contracts as well as tariffs, ITI argues that those contracts may not lawfully discriminate among carriers and cannot offer terms and conditions inconsistent with tariffs required by the Commission.⁷⁶ CompTel and ITI ask the Commission to investigate these allegedly discriminatory, off-tariff arrangements between AT&T and the LECs.⁷⁷

⁷² Some variations may be necessary due to differences in customer usage and calling patterns.

⁷³ CompTel Comments at 1-2; ITI Comments at 1.

⁷⁴ CompTel Comments at 1-2; ITI Comments at 1. CompTel and ITI argue that, pursuant to the mutual honoring agreements the LECs are reportedly required to buy the accounts receivable associated with calls charged to the LEC calling cards which utilize AT&T's network--the LECs are liable for all fraud occurring on AT&T's network for interLATA usage of LEC calling cards, while AT&T maintains all responsibility for fraud occurring on the LECs' networks for intraLATA usage of AT&T Card Issuer Identification (CIID) cards. *Id.* at 3 citing AT&T Comments in CC Docket No. 91-115, Attachment B at 3-4.

⁷⁵ CompTel Comments at 5-6; ITI Comments at 4.

⁷⁶ ITI Comments at 6-7.

⁷⁷ CompTel Comments at 5; ITI Comments at 7.

37. Pacific and US West first reply that any discussion of mutual honoring agreements is beyond the scope of this proceeding.⁷⁸ Most of the carriers, however, do respond to ITI's and CompTel's allegations. Ameritech, Bell Atlantic, BellSouth and other LECs dispute the allegations of unreasonable discrimination raised by ITI and CompTel as being unfounded. These LECs argue that the mutual honoring agreement is an unregulated billing and collection agreement and assert that this type of agreement can be negotiated with any interested IXC.⁷⁹ Furthermore, argue the LECs, ITI and CompTel have misrepresented the content of these agreements.⁸⁰ United asserts that a mutual honoring agreement is not a substitute for purchasing LIDB validation services under United's LIDB tariff, and insists that none of the costs of the mutual honoring agreement are being recovered under its LIDB tariff.⁸¹

b. Discussion

38. We believe that the issues raised by ITI and CompTel are beyond the scope of this investigation. Indeed, the agreements themselves are not even on the record of this proceeding. Any objection concerning a mutual honoring agreement is not a specific problem with the facial provisions of the LIDB tariffs but rather deals with private agreements among specific parties that are more appropriately left to the Commission's complaint process. Moreover, there is no evidence from the LECs' cost support that the LIDB rates include any LEC costs associated with AT&T toll fraud. Of course, since Section 202(a) of the Communications Act prohibits unjust or unreasonable discrimination by any means or device, a mutual honoring agreement that creates an unreasonable preference favoring one IXC with respect to a LEC's liability for erroneous information in its database, in comparison to liability provisions contained in LEC access tariffs, would violate the Communications Act.

⁷⁸ Pacific Reply at 3; US West Reply at 9.

⁷⁹ Ameritech Reply at 12-13; Bell Atlantic Reply at 3; BellSouth Reply at 5-6; GTE Reply at 7-8; NYNEX Reply at 4-5; Pacific Reply at 1-2; Southwestern Reply at 17-18; United Reply at 1-2; US West Reply at 10. SNET did not respond to ITI's and CompTel's allegations. In their replies, the LECs acknowledge that the LEC Calling Card Practices order mandates that they offer mutual honoring agreements to all customers.

⁸⁰ Pacific Reply at 2. Pacific insists that, nothing in its agreement with AT&T makes Pacific liable for all fraud occurring on AT&T's network for interLATA usage of LEC calling cards, nor does Pacific generally bear the risk of uncollectible calls charged to its card and carried on AT&T's network.

⁸¹ United Reply at 3-4. See also Bell Atlantic Reply at 3; Pacific Bell Reply at 1-2; Southwestern Reply at 17-18.

4. Use of Technical Publications

a. Pleadings

39. The Bureau sought comment concerning the cross-referencing of technical publications in the LIDB access service tariffs. Technical publications are documents that contain the engineering specifications and other service parameters that inform the customer of the proper method of interconnection and provide other relevant detail concerning the manner in which the service will be provided. Technical publications referenced in a tariff must be publicly available and identified in the tariff. Specifically, carrier tariffs currently list the name of the technical reference and the date on which it was made available to the public. Ameritech, Bell Atlantic, GTE, NYNEX, and SNET assert that the dates of the latest technical publications should be listed in the tariff.⁸² US West, on the other hand, urges that the Commission find that the date of each revision of technical publications need not be reflected in LEC tariffs.⁸³ US West contends that because the evolution of the technical publications involves the input and participation of the industry, the Commission should not require that the date of each revision of technical publications be reflected in the LEC tariffs.⁸⁴

40. MCI argues that LIDB tariffs must include the dates of the latest revisions of referenced technical publications.⁸⁵ MCI contends that when tariff terms and conditions are not explicit the service provider has free rein to vary them at will depending upon its market objectives.⁸⁶ MCI notes that NYNEX has agreed to provide the current date of technical publications, indicating that arguments raised by other LECs are baseless.⁸⁷

b. Discussion

41. While we support the industry practice of informing customers of proposed changes to technical publications, we agree with NYNEX, GTE, Bell Atlantic, and MCI that carriers should include the most up-to-date information concerning the referenced technical publications in their tariffs.⁸⁸ Because the information contained in technical

⁸² Ameritech Direct Case at 7; Bell Atlantic Direct Case at 4; GTE Direct Case at 6-7; NYNEX Direct Case at 11-12; SNET Direct Case at 4.

⁸³ US West Direct Case at 10.

⁸⁴ Id.

⁸⁵ MCI Comments at 5.

⁸⁶ Id.

⁸⁷ Id. at 10.

⁸⁸ See American Telephone and Telegraph Company, Revisions to Tariff F.C.C. Nos. 259, 260, 263, 266, 268, 270, 271 and 273, Transmittal No. 14346, Memorandum Opinion and Order, Mimeo 6295 (Com.Car.Bur.) (Rel. Sept. 8, 1983).

publications includes terms of service, permitting revisions to technical publications without also noting changes in the tariff would place the customer in the unacceptable position of being bound by tariff terms and conditions without being able to determine their particulars. Consequently, we require that carriers state in the tariff the publication and issuance date of the referenced technical document, and the date of each revision.⁸⁹ The LEC is responsible for informing any interested party where a copy of the publication can be obtained and may not rely on any technical publication that is not publicly available.

5. Description of Call Gapping and Other Technical Parameters for Processing LIDB Queries

a. Pleadings

42. "Call Gapping" or "Code Gapping" is a procedure that is invoked when the database is receiving more traffic than it is equipped to process. When the traffic volume exceeds the capacity of the database, the switch is instructed by the database to reduce the number of queries being sent to the LIDB. Consequently, when an overload condition exists, call gapping will cause a delay in the processing of a portion of the LIDB queries. The LECs are divided on whether information concerning call gapping should be stated in the tariff. Bell Atlantic, GTE, NYNEX, Pacific, Southwestern, and US West either explain their code gapping procedures or identify the technical publication that describes this process.⁹⁰ Ameritech, BellSouth, SNET, and United insist that this information need not be described in the tariff because it is explained in a technical publication.⁹¹

43. The LECs are also split on whether the tariffs should describe additional technical parameters for LIDB service. US West and BellSouth argue that requiring that the bulk of technical detail be placed in the tariff would unnecessarily enlarge carrier tariffs and would not be consistent with recent practice with respect to switched access tariff filings.⁹² BellSouth insists that current editions of technical publications are available and contends that there is no basis for petitioners to differentiate between LIDB access service and interstate access offerings generally.⁹³

⁸⁹ We are particularly troubled by US West's comments that it may not adopt an entire technical publication being referenced. See US West Direct Case at 9-10. If US West or any LEC does not adopt the entire technical publication in its tariff, then the filing LEC must also identify those parts of the technical publication that it has adopted.

⁹⁰ Bell Atlantic Direct Case at 4; GTE Direct Case at Direct Case at 8-9; NYNEX Direct Case at 10-11; Southwestern Direct Case at 3-4; US West Direct Case at 9.

⁹¹ Ameritech Direct Case at 8; BellSouth Direct Case at 2; SNET Direct Case at 5; United Direct Case at 2-3.

⁹² US West Direct Case at 8; BellSouth Direct Case at 2. See also SNET Direct Case at 5; United Direct Case at 2-3.

⁹³ BellSouth Direct Case at 2-3.

44. MCI and Allnet argue that the tariffs are not detailed enough and should contain additional technical parameters.⁹⁴ MCI insists that the LEC tariffs should contain specific descriptions of each carrier's call or code gapping procedure, including threshold levels that trigger the use of gapping, and LIDB service generally. MCI insists that the lack of specificity about LIDB provides the opportunity for LECs to discriminate between access customers in violation of Section 202(a) of the Communications Act.⁹⁵

b. Discussion

45. As discussed above, we believe that the tariffs of several LIDB service providers are not sufficiently detailed in some areas and need to be supplemented.⁹⁶ The Commission, however, believes that to place all the technical information in a tariff publication would be unduly burdensome to the reader of the tariff. The Commission practice has been to require technical details in the tariff where they are unusually important for understanding the offering. In contrast, where such detail is not crucial, including that information is not required. In the latter circumstance, the Commission grants a waiver of Section 61.74(a) of the Commission's Rules, 47 C.F.R. § 61.74(a), permitting the carrier to reference the publication without being required to incorporate the entire document into the filed tariff.⁹⁷ A grant of this type of waiver, however, is not to be construed as permitting a LEC to make its tariff completely devoid of all technical information. The public must still receive adequate notice of information relevant to the service offered.

46. The code gapping procedure is an element of LIDB service that should be described in the LIDB providers' tariffs. Because the invocation of this process means that a LIDB customer will not be able to validate all joint use calling card calls in equal time frames, it is important that the customer have an understanding of how the process works. Southwestern has already included a description of call gapping in its tariff. Southwestern explains that during an overload condition, automatic call gapping will be invoked, and that this procedure of dropping every one out of three queries received will be applied uniformly to all users of Southwestern's LIDB Validation Service.⁹⁸ Adding a description of the procedures used will ensure that customers know what to expect when ordering the service. Therefore, we require the remaining LECs to revise their tariffs to specify their call gapping procedures.

⁹⁴ MCI Comments at 5-9; Allnet Comments at 2.

⁹⁵ MCI Comments at 6.

⁹⁶ See ¶¶ 19, 27-34 *supra*.

⁹⁷ Section 61.74(a) states: "... no tariff publication filed with the Commission may make reference to any other tariff publication or to any other document or instrument."

⁹⁸ Southwestern Bell Telephone Company Tariff F.C.C. No. 73, Section 24.3.9.

C. Sufficiency of Description of 56 Kbps Common Channel Signalling Interconnection Link

47. In order to access LIDB, customers must purchase a common channel signalling (CCS) interconnection link. In the Designation Order, the Bureau asked whether the tariffs should contain additional detail regarding the technical parameters for the CCS interconnection link. In particular, the Bureau noted that the tariff descriptions of the CCS interconnection service cross reference technical publications which state that the CCS interconnection link is technically equivalent to a 56 kbps special access line.⁹⁹

a. Pleadings

48. Ameritech, Bell Atlantic, and the other LECs assert that their tariffs contain technical references to extensive information about CCS interconnection and service parameters for both CCS interconnection and 56 kbps special access.¹⁰⁰ These carriers insist that the technical publications to which they refer contain all of the technical parameters and other operating information needed by interconnecting customers.¹⁰¹ Southwestern avers that references to technical publications are proper since the Bureau granted Southwestern a waiver of Section 61.74 of the Commission's Rules, 47 C.F.R. § 61.74.¹⁰²

49. As for the nature of the CCS link, GTE asserts that the interconnection is not merely "technologically equivalent" but, in fact, the same as the interconnection for 56 kbps or DS1 special access services.¹⁰³ In describing the service, GTE's tariff specifies that customers may interconnect to GTE's CCS7 network using a 56 kbps interface or a DS1 interface. GTE explains that its tariff contains the same description of technical parameters for interconnection to GTE's CCS network through either a 56 kbps or DS1 interface.¹⁰⁴

50. By contrast, NYNEX and US West allege that the two services are different, contending that the STP Links used for CCSA interconnection have technical requirements that exceed those of multiplexed 56 kbps data circuits. NYNEX further asserts that in addition to the technical requirements for multiplexed 56 kbps data circuits, the STP Links

⁹⁹ Designation Order, 7 FCC Rcd at 2169.

¹⁰⁰ Ameritech Direct Case at 9; Bell Atlantic Direct Case at 4-5; BellSouth Direct Case at 3; GTE Direct Case at 12; NYNEX Direct Case at 12-14; Pacific Direct Case 4-5; SNET Direct Case at 5-6; Southwestern Direct Case at 4-5; United Direct Case at 5; US West Direct Case at 10-12.

¹⁰¹ See, e.g., Bell Atlantic Direct Case at 5.

¹⁰² Southwestern Direct Case at 5.

¹⁰³ GTE Direct Case at 12.

¹⁰⁴ GTE Direct Case at 12-13.

must be specifically timed, diversely routed and meet specific availability requirements. Finally, NYNEX insists that the STP links have a unique application in network to network CCS signalling.¹⁰⁵

51. Allnet argues that including information on the technical parameters of the service in the tariff will provide customers with an opportunity to comment on the appropriateness of the initially proposed technical descriptions and any revisions to those descriptions in a timely manner before they are implemented.¹⁰⁶ MCI argues that the LECs must explain any differences between the 56 kbps CCS interconnection link and a 56 kbps special access line.¹⁰⁷ MCI also argues that the fact that most of the LECs use their tariffed 56 kbps Digital Data Service (DDS) special access rates as the rates for their CCS interconnection adds to the confusion. MCI and Allnet insist that this is unsatisfactory and assert that discussions of the differences between the services should not be left to a technical publication.¹⁰⁸

b. Discussion

52. Whether the 56 kbps CCS interconnection service and 56 kbps special access service are alike or different is immaterial for purposes of this investigation. The Bureau asked whether the 56 kbps CCS interconnection service had been adequately described. We agree with MCI and Allnet that many of the carriers have failed to provide sufficient technical description to make the tariff language unambiguous. All of the LIDB providers should supply at least as much technical detail concerning their CCS interconnection link as NYNEX has.¹⁰⁹ Carriers providing a description of the 56 kbps interconnection service lacking the detail contained in NYNEX's tariff shall file revisions to include descriptions of the interconnection service similar to those identified above. These carriers are: Ameritech, Bell Atlantic, BellSouth, GTE, Pacific, SNET, Southwestern, United and US West.

III. CONCLUSION

53. In this Order we have concluded that the rates being charged by eight of the LIDB providers are excessive, because they are based on direct costs and overhead loadings not justified by the carriers, and therefore unjust and unreasonable. We have also determined that revised lower rates prepared by the eight carriers are just and reasonable at those reduced levels, and so have directed eight of the carriers to issue

¹⁰⁵ NYNEX Direct Case at 13-14. NYNEX states that all of the necessary technical specifications are contained in technical publication TR-TSV-000905.

¹⁰⁶ Allnet Comments at 3.

¹⁰⁷ MCI Comments at 18 citing GTE Direct Case at 12; SNET Direct Case at 5; US West Direct Case at 11; NYNEX Direct Case at 14.

¹⁰⁸ MCI Comments at 18-19; Allnet Comments at 3.

¹⁰⁹ See NYNEX Telephone Companies, Tariff F.C.C. No. 1, Section 6.1.3(A)(2)(e).

refunds and have permitted them to file new going-in rates for the CCS signalling link, STP port termination, LIDB transport, and LIDB query to reflect the rates proposed in their ex partes and listed in Appendix C. We have further concluded that the LEC LIDB tariffs, as filed, lack the clarity and the resulting detail required by the Commission's Rules and have ordered the LECs to amend their tariffs to clarify certain parameters of the LIDB service.

IV. ORDERING CLAUSES

54. Accordingly, IT IS ORDERED, pursuant to Sections 4(i), 4(j), 204(a), and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 204(a), 403, that the LIDB rates contained in the Ameritech Operating Companies Tariff F.C.C. No. 2, The Bell Atlantic Telephone Companies Tariff F.C.C. No. 1, BellSouth Telecommunications, Inc. Tariff F.C.C. No. 1, GTE Telephone Operating Companies Tariff F.C.C. No. 1, The NYNEX Telephone Companies Tariff F.C.C. No. 1, Pacific Bell Tariff F.C.C. No. 128, United Telephone System Tariff F.C.C. No. 5 and U S West Communications Tariff F.C.C. No. 1 ARE UNLAWFUL.

55. IT IS FURTHER ORDERED, pursuant to Sections 4(i), 4(j), 204(a), and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 204(a), 403, that the LIDB rates contained in The Southern New England Telephone Company Tariff F.C.C. No. 39 and Southwestern Bell Telephone Company Tariff F.C.C. No. 73 ARE LAWFUL.

56. IT IS FURTHER ORDERED that the LIDB rates, as they are described in Section II.A, supra, and Appendix C of this Order, are just, reasonable, and MAY BE FILED by the Ameritech Operating Companies, The Bell Atlantic Telephone Companies, BellSouth Telecommunications, Inc., The GTE Telephone Operating Companies, The NYNEX Telephone Companies, Pacific Bell, United Telephone System and U S West Communications.

57. IT IS FURTHER ORDERED, pursuant to Sections 4(i), 4(j), 204(a), and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 204(a), 403, that the Ameritech Operating Companies, The Bell Atlantic Telephone Companies, BellSouth Telecommunications, Inc., GTE Telephone Operating Companies, The NYNEX Telephone Companies, Pacific Bell, United Telephone System and U S West Communications SHALL REFUND, with simple interest, the difference between the rate currently in effect in their tariffs and the rates SPECIFIED IN APPENDIX C to those customers that subscribed to their LIDB service during the period from the date their tariffs became effective and the date that the rate as SPECIFIED IN APPENDIX C becomes effective. The companies ARE ORDERED to submit their plans for issuing refunds to the Common Carrier Bureau for review and approval pursuant to our delegation of authority within 30 days of the release of this Order. Interest shall be computed on the basis of interest rates specified by the United States Internal Revenue Service.

58. IT IS FURTHER ORDERED, pursuant to Sections 4(i), 4(j), 204(a), and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 204(a), 403, that the Ameritech Operating Companies, The Bell Atlantic Telephone Companies, BellSouth

Telecommunications, Inc., GTE Telephone Operating Companies, The NYNEX Telephone Companies, Pacific Bell, United Telephone System and U S West Communications **SHALL FILE TARIFF REVISIONS** not later than five business days from the release date of this Order. The revised rates are to become effective on five days' notice.


59. IT IS FURTHER ORDERED, pursuant to Sections 4(i), 4(j), 204(a), 205, and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 204(a), 205, 403, that the Ameritech Operating Companies, The Bell Atlantic Telephone Companies, BellSouth Telecommunications, Inc., GTE Telephone Operating Companies, The NYNEX Telephone Companies, Pacific Bell, United Telephone System and U S West Communications **SHALL USE** the revised rates to recalculate their July 1, 1993, Actual Price Indexes (API) and Service Band Indexes (SBI).

60. IT IS FURTHER ORDERED, pursuant to Sections 4(i), 4(j), 204(a), and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 204(a), 403, that the Ameritech Operating Companies, The Bell Atlantic Telephone Companies, BellSouth Telecommunications, Inc., GTE Telephone Operating Companies, The NYNEX Telephone Companies, Pacific Bell, The Southern New England Telephone Company, Southwestern Bell Telephone Company, United Telephone System and U S West Communications **SHALL FILE TARIFF REVISIONS** not later than five business days from the release date of this Order modifying the terms and conditions of their tariffs to be consistent with this Order. The revisions to the terms and conditions are to become effective on 35 days' notice.

61. IT IS FURTHER ORDERED that Special Permission No. 93-XXX IS ASSIGNED and Sections 61.58 and 61.59 of the Commission's Rules, 47 C.F.R. §§ 61.58, 61.59, ARE WAIVED for the purposes of compliance with this Order.

62. IT IS FURTHER ORDERED that the investigation and accounting order imposed by the Common Carrier Bureau in CC Docket No. 92-24 IS TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION


William F. Caton
Acting Secretary

APPENDIX A

Allnet Communication Services, Inc. (Allnet)
Ameritech Operating Companies (Ameritech)
Bell Atlantic Telephone Companies (Bell Atlantic)
BellSouth Telephone Companies (BellSouth)
Competitive Telecommunications Associations (CompTel)
GTE Telephone Operating Companies (GTE)
International Telecharge, Inc. (ITT)
MCI Communications Corporation (MCI)
NYNEX Telephone Companies (NYNEX)
Pacific Bell Telephone Companies (Pacific)
Southern New England Telephone Company (SNET)
Southwestern Bell Telephone Company (Southwestern)
Sprint Communications Company Limited Partnership (Sprint)
United Telephone System (United)
US West, Inc. (US West)

APPENDIX B